

Message Text

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ACTION IO-14

INFO OCT-01 ARA-10 ISO-00 SP-02 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 H-01 L-03
CIAE-00 INR-07 NSAE-00 COME-00 FRB-03 AGRE-00
INRE-00 NSCE-00 SSO-00 USIE-00 PA-01 PRS-01 /082 W
-----039650 082218Z /70

O 082140Z AUG 77

FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC IMMEDIATE 1556
INFO AMEMBASSY SAN JOSE IMMEDIATE
AMEMBASSY GEORGETOWN IMMEDIATE

C O N F I D E N T I A L SANTO DOMINGO 4910

EO 11652 GDS
TAGS: OVIP (YOUNG, ANDREW), EAID, DR
SUB: AMBASSADOR YOUNG'S TRIP: ROLLOVER OF PL 480 INDEBTEDNESS

REF: SANTO DOMINGO 4871,

1. REFTTEL REPORTED PRESIDENT BALAGUER'S CONTINUING INTEREST IN EASING THE PRESSURE ON HIS BALANCE OF PAYMENTS BY ROLLING OVER THE GODR PL 480 TITLE I INDEBTEDNESS. THE GODR, AS IS THE CASE OF MANY THIRD WORLD COUNTRIES, IS CAUGHT IN THE SQUEEZE BETWEEN MOUNTING PETROLEUM PRICES AND LOW PRICES FOR ITS PRIMARY EXPORT, SUGAR. CONSEQUENTLY, THE GOVERNMENT IS FACED WITH A BALANCE OF PAYMENTS DEFICIT OF SOME DOLLARS 30 MILLION THIS CALENDAR YEAR. ALTHOUGH A DEFICIT OF THIS MAGNITUDE IS MODERATE AND MANAGEABLE FOR THE DOMINICAN ECONOMY, PSYCHOLOGICALLY AND POLITICALLY IT TAKES ON FAR GREATER SIGNIFICANCE, SINCE DOMINICANS ARE TAUGHT THAT FOREIGN INDEBTEDNESS SPEELS FOREIGN INTERVENTION (RECALLING THE EIGHT YEARS OF OCCUPATION BY THE U.S. MARINES). ECONOMICALLY, THE DEBT IS AS SMALL AS IT IS THANKS TO UNUSUALLY HIGH PRICES OF COFFEE AND CACAO TOGETHER WITH STEADILY HIGH PRICES OF GOLD. IT WOULD, OF COURSE, BE
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IMPRUDENT TO COUNT UPON THESE WINDFALLS RECURRING. UNLESS SUGAR PRICES RISE AND PETROLEUM PRICES ARE FROZEN, THE COMING YEARS DO NOT AUGUR WELL AT ALL FOR THE DOMINICAN BALANCE OF PAYMENTS.

2. THE GODR OWZL US NIR PAST PL 480 LOANS APPROXIMATELY DOLLARS 46 MILLION. THIS AMOUNT IS SPREAD OUT FROM PAYMENTS

OF DOLLARS 4.1 MILLION DUE IN 1977 (OF WHICH THE GODR HAS PAID DOLLARS 1.8 MILLION) GRADUALLY DECLINING EACH YEAR IN AMOUNT TO DOLLARS 265 THOUSAND DUE IN 1993. IF WE WERE TO GIVE THE GODR SEVEN MORE YEARS TO PAY (I.E. A LA PANAMA CANAL, UNTIL THE YEAR 2000) AND DIVIDED THE TOTAL OWED US INTO EQUAL TRANCHES OF PRINCIPAL, THE RESULT WOULD BE THAT THE GODR WOULD OWE ABOUT DOLLARS 1.7 -2.5 MILLION ANNUALLY (DECLINING INTEREST CHARGE VARIES THE AMOUNT). ANNUAL TRANCHES OF THIS MAGNITUDE WOULD CLEARLY BE EASIER FOR THE GODR TO HANDLE THAN THOSE OF OVER DOLLARS 4 MILLION. POLITICALLY WE WOULD RECEIVE PALAUDITS FOR MANIFESTING SYMPATHETIC UNDERSTANDING OF THE FINANCIAL PLIGHT OF A FRIEND, AND BY EXTENDING THE LOAN UNTIL THE YEAR 2000, THE U.S. TREASURY WOULD RECEIVE ABOUT DOLLARS TWO MILLION IN ADDITIONAL INTEREST.

3. ACTION REQUESTED: WASHINGTON AGENCIES' AGREEMENT(A) TO EXTEND THE GODR'S PL 480 TITLE I INDEBTEDNESS SEVEN ADDITIONAL YEARS UNTIL THE YEAR 2000 AND (B) TO PERMIT THE TOTAL LOAN TO BE RECALCULATED SO THAT EACH ANNUAL PAYMENT OF PRINCIPAL IS EQUAL, TO WHICH WOULD BE ADDED THE ANNUAL AMOUNT OF INTEREST DUE. EXPEDITIOUS FAVORABLE ACTION

BY WASHINGTON AGENCIES CONCERNED WOULD PERMIT AMBASSADOR YOUNG TO ANNOUNCE IT AND THEREBY ENHANCE THE CREDIBILITY
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OF ONE OF THE PURPOSES OF HIS TRIP: CONCERN FOR THE ECONOMIC PLIGHT OF CARIBBEAN NATIONS. RECOGNIZE THAT VIME MAY BE TOO SHORT TO OBTAIN WASHINGTON'S AGREEMENT FOR AMBASSADOR YOUNG'S VISIT HERE, IN WHICH CASE WOULD APPRECIATE RECEIVING TALKING POINTS WHICH CAN BE USED TO REPLY TO PRESIDENT'S PROPOSAL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: AMBASSADORS, VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANTO04910
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770285-0281
Format: TEL
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Subject: AMBASSADOR YOUNG'S TRIP: ROLLOVER OF PL 480 INDEBTEDNESS
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